

The Kremlin was starving the people of Ukraine to death, because Josef Stalin and the Soviet dictators wanted to avoid mass resistance to collectivization.

So they killed the peasants—slowly, deliberately, diabolically—through mass starvation.

The West did little at the time to put an end to the man-made famine. They continued to buy grain at cheap prices from Russia, taking more food away from the Ukrainian people.

We should never forget this tragedy.

We should honor the memory of the millions of victims.

And we should support the efforts of the people of Ukraine, who were subjected to the famine and to decades of oppressive Soviet rule, as they continue on their path to democracy, respect for human rights, and economic progress.

Mr. Speaker, I urge my colleagues to support this important resolution and stand together with the people of Ukraine.

TRIBUTE TO STEVE WATKINS

HON. MARION BERRY

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Saturday, October 10, 1998

Mr. BERRY. Mr. Speaker, I rise today to pay tribute to a member of my staff who has decided to pursue a new career.

Steve Watkins has been a part of my team since I came to Congress in 1997. Indeed our association goes further than that as he was the Press Secretary for my first campaign for Congress. Steve was critical in managing my transition from candidate to Member and establishing a healthy relationship with members of the press in Arkansas. Within a short time I named him District Director in recognition of the vital role he was playing in the 1st District.

As a native of the 1st District and a resident of Jonesboro, Steve has given his time, talent, and dedication to the people of Arkansas for the last two years. He has helped them with their interactions with the federal government, with vital water and sewer projects, and responded to their concerns.

Steve has decided to pursue a career with Arkansas State University, his alma mater, and although their gain is our loss, Steve will always be a part of our team wherever he is.

Steve I wish you the best of success in your new career and continued happiness for you, Audrey, Adam and Emma. On behalf of the people of the 1st District, of my wife Carolyn, and of all your colleagues in Jonesboro and Washington, I thank you for a job well done and wish you continued happiness and success.

WORLD FOOD PROGRAMME'S
FRONTLINE: DOUGLAS BRODERICK OF ROCKLAND COUNTY,
NEW YORK

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Saturday, October 10, 1998

Mr. GILMAN. Mr. Speaker, Douglas Broderick of Rockland County, New York, is an important part of the U.N. World Food Program's

(WFP) history. Working for WFP since 1992, Broderick has been on the frontline of numerous crises including the former Yugoslavia, Somalia, and Rwanda.

Today, as a WFP Senior Advisor to the Country Director in North Korea, Doug Broderick is the senior American helping to run the biggest emergency operation in WFP's history.

WFP, which has been marshaling food aid for North Korea since government mismanagement and destructive floods hit the country, appealed to the international community to provide more than 600,000 tons of emergency food aid worth \$346 million for the 12 months through next March. Three years of disastrous flooding, droughts, and tidal waves exacerbated the already existing agricultural problems facing North Korea. The result has been chronic food shortages, widespread hunger, and malnutrition.

From Mr. Broderick's base in Pyongyang, WFP is currently delivering 392,000 tons of food to over 6 million persons or almost one-third of the population. He helps manage WFP operations including a staff of 74 and sub-offices in Chongjin, Hamhung, Sinuiju, and Wonson.

By the end of 1997, WFP was able to provide emergency food to over 2.6 million children aged 6 and under, one million hospital patients as well as 250,000 farmers participating in food-for-work agricultural projects.

In North Korea, children make up the largest group of recipients—totaling 5 million. WFP's aid targets the most vulnerable populations—children, pregnant, and nursing women, orphans and hospital patients.

On the event of World Food Day, I want to hail Doug Broderick and his team who are saving lives each day in North Korea. On behalf of Rockland County and the Nation as a whole, we are proud of Doug and his WFP colleagues in their work to end hunger around the world.

CONSOLIDATED TAX RETURN LEGISLATION

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Saturday, October 10, 1998

Mr. CRANE. Mr. Speaker, today, I am introducing, along with Representatives NANCY JOHNSON, BARBARA KENNELLY, JIM RAMSTAD and JERRY WELLER, legislation which would repeal a number of limitations contained in the consolidated return provisions of the Internal Revenue Code. These limitations, which were enacted in 1976, are a relic from a time when the financial services world, and the taxation of financial institutions, particularly insurance companies, was far different from today. The limitations serve no purpose today other than to make the application of the tax laws more complicated for both the taxpayers who have to follow them and for the Internal Revenue Service which must devote an inordinate amount of resources to review the tax returns when they are filed. Needless to say, these restrictions also place affiliated groups of corporations which include life insurance companies at an economic disadvantage compared with other corporate groups.

I had hoped that we would have been able to consider tax simplification in the consoli-

dated return provisions this year, as part of our ongoing efforts to make the tax laws easier to understand and administer. Unfortunately, that did not happen. It is my hope that introduction of this bill now will serve as a vehicle to focus attention on this problem and lead to repeal of these limitations when we consider tax legislation next year.

BACKGROUND

With that introduction, I would like to give a short explanation of the issues that this legislation addresses.

The consolidated return provisions in the tax laws were enacted so that the members of an affiliated group of corporations could file a single tax return. The right to file a "consolidated" return is available regardless of the nature or variety of the businesses conducted by the affiliated corporations. The thinking behind this is easy to understand. We should be taxing a complete business entity, not separate parts. It should not matter whether an enterprise's businesses are operated as divisions within one corporation or as subsidiary corporation with a common parent company. If the group is one economic unit, it should have to file only one tax return each year. The tax return should reflect the taxable income of the entire enterprise.

Corporate groups which include life insurance companies, however, are denied the ability to file a single consolidated return until they have been affiliated for at least five years. Even after groups with life insurance companies are permitted to file on a consolidated basis, they are subject to two additional limitations that do not apply to any other type of affiliated group. First, non-life insurance companies must be members of an affiliated group for five years before their losses may be used to offset life insurance company taxable income. Second, non-life insurance affiliate losses (including current year losses and any carryover losses) that may offset life insurance company taxable income are limited to the lesser of 35 percent of life insurance company taxable income or 35 percent of the non-life insurance company's losses.

Prior to 1976, life insurance companies could not file consolidated returns with other affiliated companies. The inability to file consolidated returns was of little consequence until the 1960s and early 1970s when states first began to change the laws to allow life insurance companies to have subsidiaries. Thus, the rules in present law were considered a modest step in the right direction.

The historical argument against allowing life insurance companies to file consolidated returns with other, non-life companies was that life insurance companies were not taxed on the same tax base as non-life companies. This argument is unfounded today. Prior to 1958, life insurance companies were taxed under special formulas that did not take their underwriting income or loss into account. Legislation enacted in 1959 took a major step toward taxing life insurance companies on both their investment and underwriting income. In fact, at the time the present law rules were under consideration in 1976, the Treasury Department took the position that full consolidation was consistent with sound tax policy.

In 1984 and 1986, Congress reviewed the taxation of life insurance companies and made a number of substantial changes that have resulted in these companies being subject to tax on their total income at the regular corporate